

## MEMORANDUM

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TO: The Honorable Escondido City Council  
FROM: The City Administrator  
SUBJECT: FY 78-79 Budget Implementation With Proposition 13

5-3-78

Attached is a summary of the revenue that is expected to be lost because of Proposition 13. This is based on the current information available on SB-154. The loss of revenue is estimated at \$103,413. It is believed that there will be no loss of revenue to repay the sewer bond and payment of the interest. If the sewer bond revenue is included as part of the loss, the total loss would be \$108,987.

In attempting to adjust for the loss, expenditures could be reduced, revenue from other sources increased, or a combination. Also attached is a list of items using the third approach. As for eliminating expenditures, they are listed in a recommended priority on elimination, with any possible restoration in the inverse order.

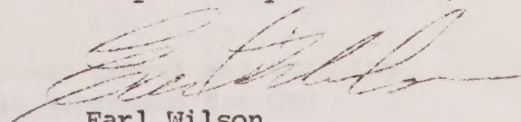
Other areas that have been considered for elimination were the umbrella coverage on the liability insurance and the seal coating projects. The next step to consider is the reduction of employees with related reduction in services. These can be further discussed at the meeting.

In preparing the list, I used the approach of keeping all services and employees as in the past. In thinking the budget through, I tried to think in the years ahead, as next year could be more difficult in budgeting than this one. Therefore, the proposal presented tried not to use an approach of delaying certain expenditures to another year. It is an approach of bite the bullet now.

The unfortunate part of the budget at this time is that it is partially financed by the employees themselves by not being permitted a pay increase. I hope the governor and state legislature will realize that one group of people should not be treated differently than of a majority of citizens, and allow the allocation of additional funds for salary purposes.

With these new limitations proposed in the FY 78-79 budget, it will mean tighter control this coming year, some changes in the levels of services, and the greater change the following year to be kept to a minimum.

Respectfully submitted,



Earl Wilson  
City Administrator

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# Recommended Expenditure Reduction for FY 78-79 Budget

1. Finance Water Well No. 5 (Reed Manor) entirely from reserves - no operating budget effect - cost can be recovered from revenues to be generated. \$23,779
  
2. Eliminate collecting funds for Mitchell Avenue storm drainage line proposed in capital improvement program - no operating budget effect - will result in delay of project which was to help downtown flooding problem - in FY 79-80 examine project to be funded from other sources. 8,724
  
3. Finance sewer operations from users fee (accomplished by Ord. 180). Will result in higher operating cost of approximately \$9,500 per year because of fund collection system. 25,443
  
4. Drop rental of postage meter - City has been converting into buying stamped envelopes with return address printed which will reduce need for postage meter. 170
  
5. Eliminate the addition of one half time clerk-typist in the police department - will require certain clerical duties to either be eliminated or performed by uniformed personnel.
 

one half time person	4,520	
Typewriter	860	
Desk	290	
Chair	70	5,740
  
6. Eliminate travel and training for following departments:
 

City Treasurer	400
City Attorney	25
Building Regulation	50
Streets	25
Parks & Recreation	200
Community Service Center	100

Many of these departments did not use their travel and training allowance last year. A pickup truck was purchased for CSC travel. 800
  
7. Drop contributions to other agencies.
 

a. Escalon District Chamber of Commerce	4,200
b. San Joaquin Safety Council	150
c. Recreation Commission	4,000

The Chamber of Commerce and Safety Council have means of raising additional revenue through their members. The Recreation Commission is being tentatively dropped by the County and School District who are parties of the joint powers agreement which includes the City. It may be that during the year the City can assume certain recreation programs that can be self supporting.

8,350





8. Elimination of tree spraying service. This will cause an increase in the number of aphids during certain times of the year. Long term effects are unknown. 1,500
9. Savings in reduction of library operations. This savings could be reduced if the hours are extended beyond one day per week. 720
10. Reduction of various line items in departments which will not effect level of service to public, but will reduce internal ability of departments.
 

City Council		
Drop membership in National League of Cities	285	
City Administrator		
Drop Management Information Service	55	
City Treasurer		
Drop proposed membership in professional org.	25	
Police		
Special Dept. Expense (shoulder patches)	450	
Ammunition	200	
Prisioner Care	50	
Animal Regulation		
Tranquilizer gun	260	
Parks and Recreation		
Trees	50	1,375
11. Eliminate membership in the Center for Management Development Will reduce formalized training to be available, however certain courses can be taken on a per cost basis to be funded from department's travel and training. 395
12. Eliminate 25 7,500 lumen street lights, reduce 10 11,000 lumen street lights to 7,500, and reduce 10 21,000 lumen street lights to 11,000. This will produce a reduction in a level of service provided to the public and will cause complaints. 2,605
13. Reduce City Engineering services only to those items reimburseable by people requesting services, or on project basis where it is funded as a project. Will require a fee schedule to be established by the City with related reimbursement agreement with Entineer. The consulting now enjoyed by the Council would be eliminated. 1,300
14. Increase fees for processing planning applications - basically an increase of two to three times present cost to more adequately cover mailing, legal notices and staff time 300
15. Elimination of consulting services for labor relations purposes. Will have negative effects on employer-employee relations with organized units 3,000
16. Reduction of travel and training - will reduce benefits received in the past by current employees. Some conferences have been eliminated and others will be going to a different format which will require more travel, but less overnight stays.

City Council	500	
City Administrator	200	
Planning	150	
Police	200	1,050





17. Contingencies - This included 4,000 for unforeseen events and the remainder which could have been used for salary adjustments.

17,301


TOTAL

\$103,552

108,776

2103,322

TOTAL



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# REVENUE LOSS

FY 78-79 Budget - Projected Revenue Dependent On Property Tax Rate  
(excludes sewer bond)

Property Tax - Secured	\$102,757
Property Tax - Unsecured	11,483
Home owners property tax relief	18,878
Business inventory property tax relief	8,232
TOTAL	<u>\$141,350</u>

## Estimated Revenue Under SB-154

1975-76 Assessed Valuation - Secured	\$5,259,320
Unsecured	502,605
Total Assessed Valuation	<u>\$5,761,925</u>
Market Value (AV x 4)	\$23,047,700
Total Tax Revenue Equal to 1% MV	230,477
City's Share Equal to 16.46% Total Revenue	<u>37,937</u>

## Estimated Revenue Loss

FY 78-79 Budget - Property Tax Rate Dependent Revenue	\$141,350
Estimated Revenue Under SB-154	37,937
Estimated Loss	<u>\$103,413</u>

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REVENUE LOSS

BY 78-79 Budget - Projected Revenue Dependent On Property Tax Rate  
(includes sewer bond)

Property Tax - Secured	2103,707
Property Tax - Unsecured	11,483
Home Owners Property Tax Relief	18,878
Business Inventory Property Tax Relief	18,237
<b>TOTAL</b>	<b>2151,305</b>

Estimated Revenue Under SB-154

1975-76 Assessed Valuation - Secured	\$2,259,320
Unsecured	202,602
<b>Total Assessed Valuation</b>	<b>\$2,461,922</b>
Market Value (AV x .6)	\$23,047,780
Total Tax Revenue Equal to 1% MV	230,478
City's Share Equal to 16.46% Total Revenue	<b>37,937</b>

Estimated Revenue Loss

BY 78-79 Budget - Property Tax Rate Dependent  
Revenue

Estimated Revenue Under SB-154	2103,413
<b>Estimated Loss</b>	<b>37,937</b>
	<b>2141,350</b>